

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1681-02  
Bill No.: SB 517  
Subject: Motor Vehicles; Revenue Dept; Licenses-Motor Vehicle  
Type: Original  
Date: March 11, 2003

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>
Highway Fund*	(\$51,080)	(\$382,660)	(\$369,450)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(\$51,080)</b>	<b>(\$382,660)</b>	<b>(\$369,450)</b>

\*Loss of income are fees deferred to subsequent years.

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### FISCAL ANALYSIS

#### ASSUMPTION

Officials with the Department of Transportation concur with the Department of Revenue.

Officials with the **Department of Revenue (DOR)** assume that the various sections of this proposal could have fiscal impact on their agency.

Section 302.304.7 of this proposal could create a new three year revocation of a person's driving privilege if the revocation was the second offense due to point accumulation. It would also create a new five year, seven year and ten year revocation for the third, forth and fifth offense, respectively.

**DOR-Division of Motor Vehicle and Driver Licensing (DMV)** assume this could create a loss in revenue due to the increased length of the revocation period. There would be a gradual increase in reinstatement fees beginning in fiscal year 07, when the three year point revocations were eligible to be reinstated. **Oversight** notes that the deferment in reinstatement fees would not be realized until FY 05 due to the time the legislation is enacted. Any persons who are revoked for points before this legislation is enacted would be eligible for reinstatement within FY 04.

ASSUMPTION (continued)

This section also removes the provision for reinstatement of the revocation when the person has not paid the reinstatement fees. DOR assumes there could be an increase in revenue for the persons that currently have a waiver of the \$20. The amount could be \$110,280 in FY 04, \$85,680 in FY 05 and \$66,580 in FY 06. **Oversight** notes that this provision relates to persons who are suspended for one year but have not come to reinstate their license and pay the \$20 fee. Currently, after two years, the fee is waived and along with other provisions the person's license is reinstated automatically. **Oversight** assumes that the revenue generated from these persons would be minimal.

This proposal could create a reduction in the number of envelopes, postage and notices generated during the first three fiscal years, due to the new point revocations not being reinstated after one year. The use would then gradually increase again beginning in fiscal year 07, when the first three year revocations were eligible to be reinstated. **Oversight** notes that these cost savings would not be realized until FY 05 due to the time the legislation is enacted. Any persons who are revoked for points before this legislation is enacted would be eligible for reinstatement within FY 04.

DMV assumes that Section 303.173.1 creates a new minimum insurance requirement for the different categories of point revocations and requires that the insurance be filed in order to be reinstated and then maintained in order to avoid revocation again.

DMV assumes this proposal could require form changes to the DOR-1938 Certification of Liability Insurance (SR-22) and the DOR-1939 Certificate of Liability Insurance (SR-22A) in order to add a field for the amount of liability coverage. The Missouri Driver Guide would also need to be modified to include the new revocation types and the new SR-22 minimum liability amounts. The CTG letter that is sent for SR-22 filings that are rejected would have to be modified to include a reject reason for not including the liability insurance amounts of the policy or the correct amount of liability insurance for the action type. The CTG letter that indicates reinstatement requirements would have to be modified to include the new SR-22 liability insurance amounts for each type of action. The cost to modify the DOR-1938 and DOR-1939 would be \$50.00 including destruction costs and the Missouri Driver Guide modifications would be included at the next reorder point after the legislation was passed, therefore creating no cost. **Oversight** assumes DOR could absorb the cost of these changes.

ASSUMPTION (continued)

This section could also require programming and testing to create new point revocation actions, create new point revocation enhancement routine, create notices of loss, modify action update processes, modify SR-22 filings entry screens, modify electronic SR-22 transaction file, modify electronic SR-22 filing processes, modify filing update processes, modify reinstatement evaluations- removal of 2 year fee requirement, modify reinstatement evaluation - new liability limits per action type, modify reinstatement evaluation - new failure to maintain insurance routine due to increased liability limits, and modify LDP evaluation.

DMV further assumes that this section could require two Clerk Typist II to manually edit the new SR-22 and SR-26 filings, key enter the new forms and type reject notices. The current electronic interface for these forms can not evaluate the filings for specific coverage amounts. Currently, nine major insurance companies file about 190,000 SR-22 and SR-26 filings each fiscal year. **Oversight** notes that although persons could be eligible for a hardship license immediately, the legislation is not clear that these persons would need higher insurance coverage while holding a hardship license. **Oversight** further notes that the Clerk Typist II would not need to begin keying in the electronic filings until FY 05 because any persons who are revoked for points before this legislation is enacted would be eligible for reinstatement within FY 04 and with the original insurance provisions. **Oversight** has, for fiscal note purposes only, changed the starting salary for the Clerk Typist II to correspond to the second step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees for a six month period and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research

DOR speculates that the increase insurance requirements and subsequent cost to the driver could decrease license revenues.

This legislation could increase state revenue by requiring the \$20 reinstatement fee in all cases.

FY04 Income, (Loss) and Cost

Two year waiver of \$20 fee	Minimal
Internal Testing (CIT II)	(\$9,000)
Overtime programming	<u>(\$42,080)</u>
Total	(\$51,080)

FY05 Income, (Loss) and Cost

Defer of reinstatement fee 16,250*\$20	(\$325,000)
Two year waiver of \$20 fee	Minimal
Envelope savings	\$5,400
Postage Savings	\$6,012.50
Reduction in notices	\$162.50
Clerk Typist II (2 FTE)	(\$39,528)
Fringe Benefits	(\$15,997)
Equipment and Expenses	<u>(\$13,710)</u>
Total	(\$382,660)

FY06- Income, (Loss) and Cost

Defer of reinstatement fee 16,250*\$20	(\$325,000)
Two year waiver of \$20 fee	Minimal
Envelope savings	\$5,400
Postage Savings	\$6,012.50
Reduction in notices	\$162.50
Clerk Typist II (2 FTE)	(\$39,528)
Fringe Benefits	(\$15,997)
Supplies	<u>(\$500)</u>
Total	(\$369,450)

FY 07

Reinstatement fee from FY 04 offenders	Unknown
Administrative cost for reinstatement	Unknown

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
<b>HIGHWAY</b>			
<u>Income (Loss)- Department of Revenue</u>			
Defer of Reinstatement Fee*	\$0	(\$325,000)	(\$325,000)
<u>Cost and Savings-Department of Revenue</u>			
Programming and Testing	(\$51,080)	\$0	\$0
Personal Services (2 FTE)	\$0	(\$39,528)	(\$39,528)
Fringe Benefits	\$0	(\$15,997)	(\$15,997)
Expense and Equipment	\$0	(\$13,710)	(\$500)
Administrative Savings	\$0	<u>\$11,575</u>	<u>\$11,575</u>
Total Cost-DOR	<u>(\$51,080)</u>	<u>(\$57,660)</u>	<u>(\$44,450)</u>
<b>NET ESTIMATED IMPACT ON HIGHWAY FUND</b>	<b><u>(\$51,080)</u></b>	<b><u>(\$382,660)</u></b>	<b><u>(\$369,450)</u></b>
*These fees are deferred to subsequent years.			
<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

It is assumed that if higher insurance rates were required for some revoked drivers to be reinstated then some insurance companies could generate increased revenue.

## DESCRIPTION

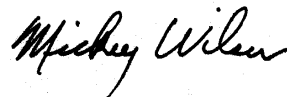
Section 302.304.7 would create a new three, five, seven and ten year revocation of a person's driving privilege if the revocation was due to point accumulation. This section could also remove the provision for reinstatement of the revocation when the person has not paid the reinstatement fees.

Section 303.173.1 creates new minimum insurance requirements for the different categories of point revocations and requires that the insurance be filed in order to be reinstated and then maintained in order to avoid revocation again.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

## SOURCES OF INFORMATION

Department of Revenue  
Department of Transportation

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Director  
March 11, 2003